

AMENDED IN ASSEMBLY MAY 8, 2012  
AMENDED IN ASSEMBLY MARCH 22, 2012  
CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2502**

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**Introduced by Assembly Member Blumenfield**

February 24, 2012

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An act to amend Section 2982 of the Civil Code, relating to vehicles.

LEGISLATIVE COUNSEL'S DIGEST

AB 2502, as amended, Blumenfield. Vehicles: conditional-~~sales~~ *sale* contracts.

Existing law imposes various licensing and regulatory requirements on dealers of motor vehicles and requires that certain fees and charges be disclosed in a conditional-~~sales~~ *sale* contract for the purchase of a motor vehicle.

This bill would additionally require the disclosure and labeling, as specified, of ~~any a~~ charge for an ~~electrical~~ *electric* vehicle charging station, which may include materials, wiring, and equipment installation, *each of which must be separately itemized*.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 2982 of the Civil Code, as added by  
2 Section 4 of Chapter 329 of the Statutes of 2011, is amended to  
3 read:

1 2982. A conditional sale contract subject to this chapter shall  
2 contain the disclosures required by Regulation Z, whether or not  
3 Regulation Z applies to the transaction. In addition, to the extent  
4 applicable, the contract shall contain the other disclosures and  
5 notices required by, and shall satisfy the requirements and  
6 limitations of, this section. The disclosures required by subdivision  
7 (a) may be itemized or subtotaled to a greater extent than as  
8 required by that subdivision and shall be made together and in the  
9 sequence set forth in that subdivision. All other disclosures and  
10 notices may appear in the contract in any location or sequence and  
11 may be combined or interspersed with other provisions of the  
12 contract.

13 (a) The contract shall contain the following disclosures, as  
14 applicable, which shall be labeled “itemization of the amount  
15 financed”:

16 (1) (A) The cash price, exclusive of document processing  
17 charges, charges to electronically register or transfer the vehicle,  
18 taxes imposed on the sale, pollution control certification fees, prior  
19 credit or lease balance on property being traded in, the amount  
20 charged for a service contract, the amount charged for a theft  
21 deterrent system, the amount charged for a surface protection  
22 product, the amount charged for an optional debt cancellation  
23 agreement, and the amount charged for a contract cancellation  
24 option agreement.

25 (B) The charge to be retained by the seller for document  
26 processing authorized pursuant to Section 4456.5 of the Vehicle  
27 Code.

28 (C) The fee charged by the seller for certifying that the motor  
29 vehicle complies with applicable pollution control requirements.

30 (D) A charge for a theft deterrent device.

31 (E) A charge for a surface protection product.

32 (F) ~~Any~~ A charge for an electric vehicle charging station, which  
33 *shall be labeled “EV Charging Station” and may include materials,*  
34 *wiring, and equipment installation, and shall be labeled “EV*  
35 *Charging Station.” each of which shall be separately itemized.*

36 (G) Taxes imposed on the sale.

37 (H) The charge to electronically register or transfer the vehicle  
38 authorized pursuant to Section 4456.5 of the Vehicle Code.

39 (I) The amount charged for a service contract.

1 (J) The prior credit or lease balance remaining on property being  
2 traded in, as required by paragraph (6). The disclosure required  
3 by this subparagraph shall be labeled “prior credit or lease balance  
4 (see downpayment and trade-in calculation).”

5 (K) Any charge for an optional debt cancellation agreement.

6 (L) Any charge for a used vehicle contract cancellation option  
7 agreement.

8 (M) The total cash price, which is the sum of subparagraphs  
9 (A) to (L), inclusive.

10 (N) The disclosures described in subparagraphs (D), (E), and  
11 (L) are not required on contracts involving the sale of a motorcycle,  
12 as defined in Section 400 of the Vehicle Code, or on contracts  
13 involving the sale of an off-highway motor vehicle that is subject  
14 to identification under Section 38010 of the Vehicle Code, and the  
15 amounts of those charges, if any, are not required to be reflected  
16 in the total price under subparagraph (M).

17 (2) Amounts paid to public officials for the following:

18 (A) Vehicle license fees.

19 (B) Registration, transfer, and titling fees.

20 (C) California tire fees imposed pursuant to Section 42885 of  
21 the Public Resources Code.

22 (3) The aggregate amount of premiums agreed, upon execution  
23 of the contract, to be paid for policies of insurance included in the  
24 contract, excluding the amount of any insurance premium included  
25 in the finance charge.

26 (4) The amount of the state fee for issuance of a certificate of  
27 compliance, noncompliance, exemption, or waiver pursuant to any  
28 applicable pollution control statute.

29 (5) A subtotal representing the sum of the amounts described  
30 in paragraphs (1) to (4), inclusive.

31 (6) The amount of the buyer’s downpayment itemized to show  
32 the following:

33 (A) The agreed value of the property being traded in.

34 (B) The prior credit or lease balance, if any, owing on the  
35 property being traded in.

36 (C) The net agreed value of the property being traded in, which  
37 is the difference between the amounts disclosed in subparagraphs  
38 (A) and (B). If the prior credit or lease balance of the property  
39 being traded in exceeds the agreed value of the property, a negative  
40 number shall be stated.

1 (D) The amount of any portion of the downpayment to be  
2 deferred until not later than the due date of the second regularly  
3 scheduled installment under the contract and that is not subject to  
4 a finance charge.

5 (E) The amount of any manufacturer's rebate applied or to be  
6 applied to the downpayment.

7 (F) The remaining amount paid or to be paid by the buyer as a  
8 downpayment.

9 (G) The total downpayment. If the sum of subparagraphs (C)  
10 to (F), inclusive, is zero or more, that sum shall be stated as the  
11 total downpayment, and no amount shall be stated as the prior  
12 credit or lease balance under subparagraph (I) of paragraph (1). If  
13 the sum of subparagraphs (C) to (F), inclusive, is less than zero,  
14 then that sum, expressed as a positive number, shall be stated as  
15 the prior credit or lease balance under subparagraph (I) of  
16 paragraph (1), and zero shall be stated as the total downpayment.  
17 The disclosure required by this subparagraph shall be labeled "total  
18 downpayment" and shall contain a descriptor indicating that if the  
19 total downpayment is a negative number, a zero shall be disclosed  
20 as the total downpayment and a reference made that the remainder  
21 shall be included in the disclosure required pursuant to  
22 subparagraph (I) of paragraph (1).

23 (7) The amount of any administrative finance charge, labeled  
24 "prepaid finance charge."

25 (8) The difference between the amount described in paragraph  
26 (5) and the sum of the amounts described in paragraphs (6) and  
27 (7), labeled "amount financed."

28 (b) No particular terminology is required to disclose the items  
29 set forth in subdivision (a) except as expressly provided in that  
30 subdivision.

31 (c) If payment of all or a portion of the downpayment is to be  
32 deferred, the deferred payment shall be reflected in the payment  
33 schedule disclosed pursuant to Regulation Z.

34 (d) If the downpayment includes property being traded in, the  
35 contract shall contain a brief description of that property.

36 (e) The contract shall contain the names and addresses of all  
37 persons to whom the notice required pursuant to Section 2983.2  
38 and permitted pursuant to Sections 2983.5 and 2984 is to be sent.

39 (f) (1) If the contract includes a finance charge determined on  
40 the precomputed basis, the contract shall identify the method of

1 computing the unearned portion of the finance charge in the event  
2 of prepayment in full of the buyer's obligation and contain a  
3 statement of the amount or method of computation of any charge  
4 that may be deducted from the amount of any unearned finance  
5 charge in computing the amount that will be credited to the  
6 obligation or refunded to the buyer. The method of computing the  
7 unearned portion of the finance charge shall be sufficiently  
8 identified with a reference to the actuarial method if the  
9 computation will be under that method. The method of computing  
10 the unearned portion of the finance charge shall be sufficiently  
11 identified with a reference to the Rule of 78's, the sum of the digits,  
12 or the sum of the periodic time balances method in all other cases,  
13 and those references shall be deemed to be equivalent for disclosure  
14 purposes.

15 (2) If the contract includes a finance charge that is determined  
16 on the simple-interest basis but provides for a minimum finance  
17 charge in the event of prepayment in full, the contract shall contain  
18 a statement of that fact and the amount of the minimum finance  
19 charge or its method of calculation.

20 (g) (1) If the contract includes a finance charge that is  
21 determined on the precomputed basis and provides that the  
22 unearned portion of the finance charge to be refunded upon full  
23 prepayment of the contract is to be determined by a method other  
24 than actuarial, the contract shall contain a notice, in at least  
25 10-point boldface type if the contract is printed, reading as  
26 follows: "Notice to buyer: (1) Do not sign this agreement before  
27 you read it or if it contains any blank spaces to be filled in. (2)  
28 You are entitled to a completely filled-in copy of this agreement.  
29 (3) You can prepay the full amount due under this agreement at  
30 any time and obtain a partial refund of the finance charge if it is  
31 \$1 or more. Because of the way the amount of this refund will be  
32 figured, the time when you prepay could increase the ultimate cost  
33 of credit under this agreement. (4) If you default in the performance  
34 of your obligations under this agreement, the vehicle may be  
35 repossessed and you may be subject to suit and liability for the  
36 unpaid indebtedness evidenced by this agreement."

37 (2) If the contract includes a finance charge that is determined  
38 on the precomputed basis and provides for the actuarial method  
39 for computing the unearned portion of the finance charge upon  
40 prepayment in full, the contract shall contain a notice, in at least

1 10-point boldface type if the contract is printed, reading as  
 2 follows: “Notice to buyer: (1) Do not sign this agreement before  
 3 you read it or if it contains any blank spaces to be filled in. (2)  
 4 You are entitled to a completely filled-in copy of this agreement.  
 5 (3) You can prepay the full amount due under this agreement at  
 6 any time and obtain a partial refund of the finance charge if it is  
 7 \$1 or more. (4) If you default in the performance of your  
 8 obligations under this agreement, the vehicle may be repossessed  
 9 and you may be subject to suit and liability for the unpaid  
 10 indebtedness evidenced by this agreement.”

11 (3) If the contract includes a finance charge that is determined  
 12 on the simple-interest basis, the contract shall contain a notice, in  
 13 at least 10-point boldface type if the contract is printed, reading  
 14 as follows: “Notice to buyer: (1) Do not sign this agreement  
 15 before you read it or if it contains any blank spaces to be filled in.  
 16 (2) You are entitled to a completely filled-in copy of this  
 17 agreement. (3) You can prepay the full amount due under this  
 18 agreement at any time. (4) If you default in the performance of  
 19 your obligations under this agreement, the vehicle may be  
 20 repossessed and you may be subject to suit and liability for the  
 21 unpaid indebtedness evidenced by this agreement.”

22 (h) The contract shall contain a notice in at least 8-point boldface  
 23 type, acknowledged by the buyer, that reads as follows:

24 “If you have a complaint concerning this sale, you should try to  
 25 resolve it with the seller.

26 Complaints concerning unfair or deceptive practices or methods  
 27 by the seller may be referred to the city attorney, the district  
 28 attorney, or an investigator for the Department of Motor Vehicles,  
 29 or any combination thereof.

30 After this contract is signed, the seller may not change the  
 31 financing or payment terms unless you agree in writing to the  
 32 change. You do not have to agree to any change, and it is an unfair  
 33 or deceptive practice for the seller to make a unilateral change.

34  
 35 \_\_\_\_\_

36  
 37 Buyer’s Signature”

38  
 39 (i) (1) The contract shall contain an itemization of any insurance  
 40 included as part of the amount financed disclosed pursuant to

1 paragraph (3) of subdivision (a) and of any insurance included as  
2 part of the finance charge. The itemization shall identify the type  
3 of insurance coverage and the premium charged therefor, and, if  
4 the insurance expires before the date of the last scheduled  
5 installment included in the repayment schedule, the term of the  
6 insurance shall be stated.

7 (2) If any charge for insurance, other than for credit life or  
8 disability, is included in the contract balance and disbursement of  
9 any part thereof is to be made more than one year after the date of  
10 the conditional sale contract, any finance charge on the amount to  
11 be disbursed after one year shall be computed from the month the  
12 disbursement is to be made to the due date of the last installment  
13 under the conditional sale contract.

14 (j) (1) Except for contracts in which the finance charge or a  
15 portion of the finance charge is determined by the simple-interest  
16 basis and the amount financed disclosed pursuant to paragraph (8)  
17 of subdivision (a) is more than two thousand five hundred dollars  
18 (\$2,500), the dollar amount of the disclosed finance charge may  
19 not exceed the greater of:

20 (A) (i) One and one-half percent on so much of the unpaid  
21 balance as does not exceed two hundred twenty-five dollars (\$225),  
22 1 1/6 percent on so much of the unpaid balance in excess of two  
23 hundred twenty-five dollars (\$225) as does not exceed nine hundred  
24 dollars (\$900) and five-sixths of 1 percent on so much of the unpaid  
25 balance in excess of nine hundred dollars (\$900) as does not exceed  
26 two thousand five hundred dollars (\$2,500).

27 (ii) One percent of the entire unpaid balance; multiplied in either  
28 case by the number of months (computed on the basis of a full  
29 month for any fractional month period in excess of 15 days)  
30 elapsing between the date of the contract and the due date of the  
31 last installment.

32 (B) If the finance charge is determined by the precomputed  
33 basis, twenty-five dollars (\$25).

34 (C) If the finance charge or a portion thereof is determined by  
35 the simple-interest basis:

36 (i) Twenty-five dollars (\$25) if the unpaid balance does not  
37 exceed one thousand dollars (\$1,000).

38 (ii) Fifty dollars (\$50) if the unpaid balance exceeds one  
39 thousand dollars (\$1,000) but does not exceed two thousand dollars  
40 (\$2,000).

1 (iii) Seventy-five dollars (\$75) if the unpaid balance exceeds  
2 two thousand dollars (\$2,000).

3 (2) The holder of the contract shall not charge, collect, or receive  
4 a finance charge that exceeds the disclosed finance charge, except  
5 to the extent (A) caused by the holder's receipt of one or more  
6 payments under a contract that provides for determination of the  
7 finance charge or a portion thereof on the 365-day basis at a time  
8 or times other than as originally scheduled whether or not the  
9 parties enter into an agreement pursuant to Section 2982.3, (B)  
10 permitted by paragraph (2), (3), or (4) of subdivision (c) of Section  
11 226.17 of Regulation Z, or (C) permitted by subdivisions (a) and  
12 (c) of Section 2982.8.

13 (3) If the finance charge or a portion thereof is determined by  
14 the simple-interest basis and the amount of the unpaid balance  
15 exceeds five thousand dollars (\$5,000), the holder of the contract  
16 may, in lieu of its right to a minimum finance charge under  
17 subparagraph (C) of paragraph (1), charge, receive, or collect on  
18 the date of the contract an administrative finance charge not to  
19 exceed seventy-five dollars (\$75), provided that the sum of the  
20 administrative finance charge and the portion of the finance charge  
21 determined by the simple-interest basis shall not exceed the  
22 maximum total finance charge permitted by subparagraph (A) of  
23 paragraph (1). Any administrative finance charge that is charged,  
24 received, or collected by a holder shall be deemed a finance charge  
25 earned on the date of the contract.

26 (4) If a contract provides for unequal or irregular payments, or  
27 payments on other than a monthly basis, the maximum finance  
28 charge shall be at the effective rate provided for in paragraph (1),  
29 having due regard for the schedule of installments.

30 (k) The contract may provide that for each installment in default  
31 for a period of not less than 10 days the buyer shall pay a  
32 delinquency charge in an amount not to exceed in the aggregate 5  
33 percent of the delinquent installment, which amount may be  
34 collected only once on any installment regardless of the period  
35 during which it remains in default. Payments timely received by  
36 the seller under an extension or deferral agreement may not be  
37 subject to a delinquency charge unless the charge is permitted by  
38 Section 2982.3. The contract may provide for reasonable collection  
39 costs and fees in the event of delinquency.



1 (l) Notwithstanding any provision of a contract to the contrary,  
2 the buyer may pay at any time before maturity the entire  
3 indebtedness evidenced by the contract without penalty. In the  
4 event of prepayment in full:

5 (1) If the finance charge was determined on the precomputed  
6 basis, the amount required to prepay the contract shall be the  
7 outstanding contract balance as of that date, provided, however,  
8 that the buyer shall be entitled to a refund credit in the amount of  
9 the unearned portion of the finance charge, except as provided in  
10 paragraphs (3) and (4). The amount of the unearned portion of the  
11 finance charge shall be at least as great a proportion of the finance  
12 charge, including any additional finance charge imposed pursuant  
13 to Section 2982.8 or other additional charge imposed because the  
14 contract has been extended, deferred, or refinanced, as the sum of  
15 the periodic monthly time balances payable more than 15 days  
16 after the date of prepayment bears to the sum of all the periodic  
17 monthly time balances under the schedule of installments in the  
18 contract or, if the contract has been extended, deferred, or  
19 refinanced, as so extended, deferred, or refinanced. If the amount  
20 of the refund credit is less than one dollar (\$1), no refund credit  
21 need be made by the holder. Any refund credit may be made in  
22 cash or credited to the outstanding obligations of the buyer under  
23 the contract.

24 (2) If the finance charge or a portion of the finance charge was  
25 determined on the simple-interest basis, the amount required to  
26 prepay the contract shall be the outstanding contract balance as of  
27 that date, including any earned finance charges that are unpaid as  
28 of that date and, if applicable, the amount provided in paragraph  
29 (3), and provided further that in cases where a finance charge is  
30 determined on the 360-day basis, the payments received under the  
31 contract shall be assumed to have been received on their respective  
32 due dates regardless of the actual dates on which the payments  
33 were received.

34 (3) If the minimum finance charge provided by subparagraph  
35 (B) or subparagraph (C) of paragraph (1) of subdivision (j), if  
36 either is applicable, is greater than the earned finance charge as of  
37 the date of prepayment, the holder shall be additionally entitled to  
38 the difference.

39 (4) This subdivision shall not impair the right of the seller or  
40 the seller's assignee to receive delinquency charges on delinquent

1 installments and reasonable costs and fees as provided in  
2 subdivision (k) or extension or deferral agreement charges as  
3 provided in Section 2982.3.

4 (5) Notwithstanding any provision of a contract to the contrary,  
5 if the indebtedness created by any contract is satisfied prior to its  
6 maturity through surrender of the motor vehicle, repossession of  
7 the motor vehicle, redemption of the motor vehicle after  
8 repossession, or any judgment, the outstanding obligation of the  
9 buyer shall be determined as provided in paragraph (1) or (2).  
10 Notwithstanding, the buyer's outstanding obligation shall be  
11 computed by the holder as of the date the holder recovers the value  
12 of the motor vehicle through disposition thereof or judgment is  
13 entered or, if the holder elects to keep the motor vehicle in  
14 satisfaction of the buyer's indebtedness, as of the date the holder  
15 takes possession of the motor vehicle.

16 (m) Notwithstanding any other provision of this chapter to the  
17 contrary, any information required to be disclosed in a conditional  
18 sale contract under this chapter may be disclosed in any manner,  
19 method, or terminology required or permitted under Regulation  
20 Z, as in effect at the time that disclosure is made, except that  
21 permitted by paragraph (2) of subdivision (c) of Section 226.18  
22 of Regulation Z, if all of the requirements and limitations set forth  
23 in subdivision (a) are satisfied. This chapter does not prohibit the  
24 disclosure in that contract of additional information required or  
25 permitted under Regulation Z, as in effect at the time that disclosure  
26 is made.

27 (n) If the seller imposes a charge for document processing or  
28 to electronically register or transfer the vehicle, the contract shall  
29 contain a disclosure that the charge is not a governmental fee.

30 (o) A seller shall not impose an application fee for a transaction  
31 governed by this chapter.

32 (p) The seller or holder may charge and collect a fee not to  
33 exceed fifteen dollars (\$15) for the return by a depository institution  
34 of a dishonored check, negotiated order of withdrawal, or share  
35 draft issued in connection with the contract if the contract so  
36 provides or if the contract contains a generalized statement that  
37 the buyer may be liable for collection costs incurred in connection  
38 with the contract.

39 (q) The contract shall disclose on its face, by printing the word  
40 "new" or "used" within a box outlined in red, that is not smaller

1 than one-half inch high and one-half inch wide, whether the vehicle  
2 is sold as a new vehicle, as defined in Section 430 of the Vehicle  
3 Code, or as a used vehicle, as defined in Section 665 of the Vehicle  
4 Code.

5 (r) The contract shall contain a notice with a heading in at least  
6 12-point ~~bold~~ *boldface* type and the text in at least 10-point ~~bold~~  
7 *boldface* type, circumscribed by a line, immediately above the  
8 contract signature line, that reads as follows:

9

10 THERE IS NO COOLING-OFF PERIOD UNLESS YOU  
11 OBTAIN A CONTRACT CANCELLATION OPTION:-  
12

13 California law does not provide for a “cooling-off” or other cancellation  
14 period for vehicle sales. Therefore, you cannot later cancel this contract  
15 simply because you change your mind, decide the vehicle costs too much,  
16 or wish you had acquired a different vehicle. After you sign below, you  
17 may only cancel this contract with the agreement of the seller or for legal  
18 cause, such as fraud.

19 However, California law does require a seller to offer a 2-day contract  
20 cancellation option on used vehicles with a purchase price of less than  
21 \$40,000, subject to certain statutory conditions. This contract cancellation  
22 option requirement does not apply to the sale of a recreational vehicle, a  
23 motorcycle, or an off-highway motor vehicle subject to identification  
24 under California law. See the vehicle contract cancellation option  
25 agreement for details.  
26  
27

28 (s) This section shall become operative on July 1, 2012.

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